

5/015/076

COPY

September 23, 1999

William M. Stokes
Minerals Resource Specialists
SITLA
675 East 500 South, Suite 5000
Salt Lake City, Utah 84102

Re: ML 43260

Dear Mr. Stokes:

I am submitting this letter following our telephone conversation about the Fremont lease. As I mentioned to you on the phone, I have concerns that the Fremont Corporation might not be able to place any type of a production crew onto this mining site this year. This is due to agency holds which we had no control over but caused delays in schedules and budgets within our control. Winter is fast approaching the project area and our mining crew is on another job in Montana. Efforts have been made to "push" a road into the site before the end of the year but schedules and equipment availability are still pending with various vendors.

My fear is that your agency might not look favorably on our "inactivity" as we could have nothing to "physically" show you at the end of the year. I would like to be assured that our lease will not be in jeopardy and also ask for support from SITLA in this matter based on the facts presented. I look forward to hearing from you soon and appreciate the help your agency has always extended.

Sincerely,

William E. Sellier

William E. Sellier

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DIVISION OF
OIL, GAS AND MINING



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
Governor

David T. Terry
Director

675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818
801-538-5100
801-355-0922 (Fax)
<http://www.trustlands.com>

SL/015/076

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September 28, 1999

T. J. Clark
1145 North 1100 West
St. George, Utah 84770

Attn: William E. Sellier

Re: Diligent Development, Metalliferous Minerals Lease ML 43260

Dear Mr. Sellier:

The School and Institutional Trust Lands Administration ("Trust Lands Administration") is in receipt of your letter concerning lease continuance of the above referenced metalliferous minerals lease. The Trust Lands Administration is aware of Fremont Corporation's efforts to gain access to the proposed mine site and the administration recognizes that plans to commence with proposed mining activity can be delayed by permitting procedures. Fremont Corporation has provided the Trust Lands Administration and the Division of Oil, Gas and Mining with the necessary information for approval to commence with the proposed mine plan. As mentioned in my letter of April 12, 1999, the Trust Lands Administration will not provide final approval to commence with the proposed project until an appropriate reclamation bond is in place.

As of this date the Trust Lands Administration recognizes Fremont Corporation's efforts to place the leased lands in production as satisfaction of the diligent development requirement provided for under Article VI of the lease agreement.

Thank you for keeping the Trust Lands Administration informed of your plans to continued development of the resources encompassed under the lease agreement.

Sincerely,

William M. Stokes
Minerals Resource Specialist

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